Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)	CC Docket No. 96-98
	)	
	)	

OPPOSITION OF THE ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES TO GTE AND SNET'S MOTION FOR STAY

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SUMMARY

It should come as no surprise that the first incumbent local exchange carriers to seek a stay of the Commission's Section 251 regulations are GTE and SNET, large independent incumbent carriers which are not subject to the requirements of Sections 271 and 274 of the 1996 Act. As the Commission explained in rejecting arguments that it not attempt to correct bargaining imbalances between new entrants and incumbents through national rules (at ¶55):

> "We find that incumbent LECs have no economic incentive, independent of the incentives set forth in sections 271 and 274 of the 1996 Act, to provide potential competitors with opportunities to interconnect with and make use of the incumbent LEC's network and services."

GTE and SNET do not dispute the Commission's conclusion they have no incentive to negotiate interconnection agreements absent national rules implementing Congress' mandate for local competition -- they simply ignore it. Instead, they read Sections 251 and 252 as allowing "market forces to operate to the maximum extent possible in order to create a competitive marketplace that is unbiased by the prejudices of state and federal government officials and the political process" (Affidavit of McLeod for GTE and SNET at 4).

This posturing infects all of GTE and SNET's motion. For example, they contend a stay would have no affect on a CLEC, but would greatly harm an incumbent. But if CLECs were able to obtain the same interconnection agreements if a stay if issued,

what kind of harm would incumbents suffer if a stay were denied? Similarly, they contend on the merits that the Commission's Section 251 regulations impose a taking, yet never acknowledge that the Commission has no jurisdiction even to hear such a claim, nor attempt to show that the effect of the TELRIC cost standard would push their total regulated earnings below a constitutional minimum.

Because of these and the many other defects of the motion discussed in this opposition, ALTS respectfully requests that GTE and SNET's motion for stay be denied.

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Pursuant to Rule 1.45(d) of the Commission's Rules, the Association for Local Telecommunications Services ("ALTS")[1] hereby opposes the joint motion of GTE Corporation and the Southern New England Telephone Company for a stay pending judicial review of the Commission's order released August 8, 1996, in the above proceeding.

I. THE PUBLIC INTEREST WOULD BE HARMED BY THE ISSUANCE OF A STAY.

ALTS agrees completely with GTE and SNET that the public interest is best served by introducing competition as quickly as possible into local telecommunications markets (GTE/SNET Motion at 3): "The 1996 Act embodies a clear congressional judgment that

[1] ALTS is the national trade association of over thirty facilities-based competitive providers of access and local exchange services.

the national interest favors the rapid and efficient introduction of competition in the local exchange."

According to GTE and SNET, issuance of a stay would not slow the introduction of local competition because (GTE/SNET Motion at 39):

> "A large number of private negotiations had been taking place after the Act became effective, but before the Commission issued its Order; these negotiations would continue even in the face of a stay pursuant to the direct mandates of Sections 251 and 252 of the Act. All sides to these negotiations are motivated to continue with the negotiations either for their own business reasons or because of the legal obligations created by the Act." (Emphasis supplied.)

But neither in their motion, or in their comments and replies in this proceeding, have GTE or SNET pointed to any "business reasons" or "legal obligations" that would adequately "motivate" the incumbent local exchange carriers ("ILECs") in the absence of the Commission's regulations. GTE claims that it is: "strongly motivated to negotiate a mutually acceptable and effective agreement, because if it fails to do so, it runs a grave risk that the state PUC will impose far less attractive requirements" (GTE Reply Comments filed May 30, 1996, at 6).[2] But if the ILECs' fear of state commissions were sufficient to cause them to negotiate adequate interconnection agreements,

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[2] SNET claimed in its reply comments that: "both the plain language of Sections 251 and 252 and state implementation of that language provide a significant incentive for LECs to negotiate interconnection arrangements" (at 3), but SNET never identified these alleged statutory incentives.

Congress need never have adopted the local competition portions of the 1996 Act in the first place.

Furthermore, GTE and SNET list their pending negotiations and arbitrations in great detail in the appendices to their motion, and these figures show that approximately 17% of GTE's negotiations are undergoing arbitration. Out of all these negotiations, GTE makes no claim that it has successfully completed any of them.

Nor are the Commission's regulations made unnecessary because the statutory framework of Sections 251 and 252 would continue under a stay, or because interconnection agreements already negotiated will remain in effect. Many entrants have not completed all their interconnection arrangements. While some states may wisely follow the Commission's path by choice, in other jurisdictions the issuance of a stay will force new entrants to reinvent the wheel many times on economic costing, interconnection definitions, statutory interpretations, etc., as the ILECs continue their trench warfare against the advent of local competition.

GTE and SNET's efforts to avoid this plain truth concerning the effect on the public interest of a stay are entirely unavailing. If a stay is not granted, according to GTE and SNET:

> "the system of free, private negotiation that Congress built into the Act will be permanently short-circuited ..." (Motion at 39.)

"Once agreements are reached under this system, if the regulations are later overturned, it will be effectively impossible for parties to turn back the clock and rework the agreements they have reached". (Motion at 40.)

"The giant backward step involved in returning to ground zero to renegotiate agreements would produce dislocations and delays that would substantially impede progress increasing the fully competitive local telecommunications market promised by the Act." (Id.)

These claims are patently misdirected. Assuming solely for the sake of argument, without any concession, that the Commission's Interconnection Order did have the effect of "short-circuiting" private negotiations, limiting the breadth of negotiations has no bearing on the public interest so long as it does not impede the prompt implementation of local competition. Similarly irrelevant is the asserted difficulty in altering interconnection agreements in the event of an ultimate judicial reversal (a difficulty which somehow disappears when GTE and SNET in their motion discuss the harm imposed on competitive local exchange providers ("CLECs") by a stay; see Part II, infra), even if this claim were factually correct.

Thus, GTE and SNET's "concern" for the future of local competition is a transparent display of crocodile tears. The local competitive industry is far better situated to speak to the effect of a stay on the implementation of local competition, and it hereby states that issuance of a stay would clearly harm the public interest by slowing the introduction of local competition. As noted above, statutory requirements providing for mediation and arbitration, and existing agreements would remain in place,

but not all CLECs have completed their interconnection negotiations, and many of the agreements which have been completed were accepted out of business necessity, not because they complied with the 1996 Act. Staying the Commission's regulations will thus mean many customers will suffer a delay in obtaining competitive alternatives, thereby frustrating the public interest goal conceded by GTE and SNET.

II. GTE AND SNET HAVE FAILED TO SHOW THAT A STAY WILL NOT HARM CLECS.

GTE and SNET make the remarkable argument that "A stay pending judicial review will not harm new competitive entrants" (Motion at 35). According to GTE and SNET, competitive entry will "move forward on schedule through private negotiations," and "if the rules are ultimately upheld, agreements can be readily modified" (id.). GTE and SNET completely fail to carry their burden of proof on this point.

Nowhere in their motion do GTE and SNET try to refute -- or even acknowledge -- the Commission's reasoning in adopting its regulations (Interconnection Order at ¶ 41):

> "We believe the steps necessary to implement section 251 are not appropriately characterized as a choice between specific national rules on the one hand and substantial state discretion on the one other. We adopt national rules where they facilitate administration of sections 251 and 252, expedite negotiations and arbitrations by narrowing the potential range of dispute where appropriate to do so, offer uniform interpretations of the law that might not otherwise emerge until after years of litigation, remedy significant imbalances in bargaining power, and establish the minimum requirements necessary to implement the nationwide competition that Congress sought to establish."

Nowhere in their motion for stay do GTE and SNET explain how CLECs could escape being harmed if they were to lose the many benefits of the statute which the regulations are intended to secure, as described above by the Commission. Instead, GTE and SNET rely on the fact that some negotiations have produced agreements before the issuance of the regulations. But CLECs are sometimes driven by business necessity to sign agreements that fall short of the statutory standards simply to gain minimal arrangements.

GTE and SNET also argue that: "it will be far easier for parties to conform any variations in arbitrated agreements to the Commission's rules if the rules are later upheld than it would be for parties to re-work agreements adopted under the rules if the rules are struck down ... truing up any local variations to federal standards would be a vastly simpler task than attempting to move from an entrenched system of uniform agreements to create, after the fact, a system of particularized negotiation that never existed in the first place" (Motion at 37-38).

If GTE and SNET were correct that the bare bones of the statute were adequate to assure proper negotiation and arbitration for all agreements, then it is conceivable the agreements created in such a world might be conformed to the Commission's regulations with little burden. But the Commission addressed a very different world than the one envisioned by GTE

and SNET in their motion, a real world in which "significant imbalances in bargaining power," lack of uniform statutory interpretations, an overly broad range of disputes, etc., would have a negative impact on "the nationwide competition that Congress sought to establish." While GTE and SNET are free to advocate a Libertarian interpretation of the 1996 Act if they so choose,[3] they are not free as a legal matter to disregard the Commission's well-supported findings that its regulations are necessary (see, e.g., "We find that incumbent LECs have no economic incentive, independent of the incentives set forth in sections set forth in sections 271 and 274 of the 1996 Act, to provide potential competitors with opportunities to interconnect with and make use of the incumbent LEC's network and services" (Interconnection Order at ¶ 55). It is significant here, of course, that the requirements of Sections 271 and 274 do not apply to any independent telephone companies, of which GTE and SNET are among the largest.

The fantasy world conjured up by GTE and SNET in which ILECs graciously sign agreements which permit their competitors to seize revenues and significant market share is a bad joke, and one which clearly fails to carry GTE and SNET's burden of showing

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[3] See, e.g., McLeod affidavit at 4: "Sections 251 and 252 of the Act require that the parties attempt to negotiate an agreement in the first instance with mediation and arbitration being involved only when an agreement cannot be reached. This approach allows free market forces to operate to the maximum extent possible in order to create a competitive marketplace that is unbiased by the prejudices of state and federal government officials and the political process." Emphasis supplied.

that the issuance of a stay would not harm CLECs.

III. DENIAL OF A STAY WILL IMPOSE NO GREATER BURDENS ON THE ILECS THAN CONTEMPLATED BY THE 1996 ACT ITSELF.

There is no question that the introduction of competition does -- or should -- have a negative effect on a monopolist's market share. However, the present issue is whether the Commission's regulations, as distinct from the statute itself, imposes particular irreparable harm on the ILECs. GTE and SNET cannot legally ask the Commission to stay the 1996 Act regardless of any burden the Act and its specific requirements might impose. See Johnson v. Robison, 94 S.Ct. 1160, 1166 (1974); GTE v. FCC, 39 F.3d 940, 946 (1994).[4] Instead, they can only complain of any additional harm imposed by the regulations themselves.[5]

GTE and SNET claim they will suffer irreparable harm because(Motion at 28-29):

> "In the event that some of the regulations are later struck down, incumbents such as GTE and SNET will have lost forever the opportunity to conduct voluntary negotiations with competing carriers free from the influence of a set of presumptive terms dictated by the Commission's rules."

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[4] An action to stay a portion of the 1996 Act amending the Pole Attachment Act was filed in the United States District Court for the Northern District of Florida on August 16, 1996, entitled Gulf Power Co. v. United States and FCC.

[5] The importance of the distinction between the burdens imposed by the Act and those unique to the Commission's regulations is exemplified by GTE and SNET's complaint concerning the burden imposed by the Commission's interpretation of Section 252(i)(Motion at 27)). This alleged burden is entirely irrelevant to the present motion unless GTE and SNET can show the Commission's interpretation of Section 252(i) is legally wrong, a claim they never make.

As a threshold matter, GTE and SNET run seriously afoul here of their claim elsewhere in their motion that issuance of a stay would not harm new entrants (discussed supra in Part II). If, as GTE and SNET claim, the CLECs would not be harmed as to their interconnection agreements if a stay were issued, how could be GTE and SNET possibly be harmed if the stay is not issued? Negotiations between CLECs and ILECs are essentially a zero-sum game. If the issuance of a stay will not deny CLECs any benefits from the Commission's regulations (which is what GTE and SNET are claiming), it necessarily follows that the denial of a stay cannot impose additional burdens on the ILECs.

But GTE and SNET's tripping over their own feet should not distract the Commission from the critical point here. The 1996 Act does confer numerous benefits on CLECs, and the Commission's regulations are intended to make those benefits real through concrete tactics: expedited negotiations, simplified bargaining options, clarification of legal issues, correction of bargaining power imbalances, etc. Keeping in mind that GTE and SNET can only complain of those specific burdens imposed by the regulations, not the Act itself, these benefits clearly outweigh any speculative injuries that GTE and SNET might incur if the Commission's regulations were ultimately overturned on judicial review.[6]

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[6] GTE and SNET also make repeated references to "the brief (continued...)

The issue of irreparable harm is essentially simple here. ALTS agrees that owning a monopoly is a far more valuable activity than owing a competitive business. In the unlikely event a court rules that the statute did not intend to tear down the local telecommunications monopoly expeditiously, and to create a fair competitive environment, the ILECs will perhaps have suffered a blow. The real issue is how likely it is that a court will overturn the Commission's efforts to implement what is so clear a competitive mandate from Congress.

In this respect, GTE and SNET's lengthy complaints concerning the pricing methodology and default prices selected by the Commission are quite misdirected on the issue of irreparable harm. ALTS readily agrees that the Commission's determinations on cost recovery, allocation of joint and common costs, recovery of forward-looking costs, etc., were not designed to insure that ILECs receive the same profits as they received under monopoly. As the Commission explained (at ¶ 620):

> "In dynamic competitive markets, firms take action based not on embedded costs, but on the relationship between market-determined prices and forward-looking economic costs. If market prices exceed forward-looking economic costs, new competitors will enter the market. If their forward-looking economic costs exceed market prices, new competitors will not enter the market and existing competitors may decide to leave. Prices for unbundled elements under section 251 must be based on cost under the law, and that should be read as

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[6](...continued)
period required for review in the Court of Appeals" (see, e.g., Motion at 30). ALTS respectfully points that this "brief period" could easily take two years.

requiring that prices be based on forward-looking economic costs."

For purposes of the present stay motion, the issue is thus not whether the Commission found the perfect cost methodology for implementing Congress' intent, but whether the Commission had the realistic option of choosing a better approach.[7] Unfortunately, GTE and SNET choose to criticize the Commission's cost determinations without ever pointing to a methodology which they believe would have better achieved Congress' purpose.

For example, GTE and SNET complain of the Commission's use of a cost methodology which assumes use of the most efficient network technology (Motion at 30). According to GTE and SNET, this is has the effect of "shielding carriers from bearing the true costs of a network" (id. at 31). But GTE and SNET make no effort to relate their demand for recovery of historic costs to the statutory mandate that local competition be implemented.

GTE and SNET's lengthy complaint about the default loop and switch prices is equally flawed. The Commission recognized that some states might not be able to generate their own cost figures in the limited time available for current arbitrations, and generated default numbers to fill that gap. Perhaps that methodology and those numbers could be improved with more time

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[7] GTE and SNET also appear to be claiming the Commission's regulations constitute a taking without just compensation, but, as discussed infra in Part IV, the Commission has no power to consider such a claim. Bell Atlantic v. FCC, 24 F.3d 1441 (1994).

and resources, but the legal question involved here is whether GTE and SNET can point to an approach available to the Commission and its statutory deadlines which better accomplishes the mandate of the Act. Because they make no such showing, their claim of irreparable harm as a result of the regulations necessarily fails.

IV. GTE AND SNET HAVE FAILED TO SHOW ANY LIKELIHOOD THAT THEIR PETITION FOR REVIEW WILL SUCCEED ON ITS MERITS.

GTE and SNET offer four claims in contending their judicial review is likely to succeed on its merits: (1) lack of authority under Section 251; (2) an uncompensated taking under the Fifth Amendment; (3) arbitrary and capricious action in setting default prices; and (4) miscellaneous legal claims. Each of these claims falls far short of the standard need for the issuance of a stay.

A. The Commission Has Plenary Authority Under Section 251 to Issue its Regulations.

GTE and SNET mince no words about their view of the 1996 Act, and the extent of the Commission's authority under Section 251: "The Act establishes a program for introducing competition in the local exchange through privately negotiated agreements and through individual arbitrations overseen by state utility commissions. Localized, case-specific decision making is thus the hall mark of the system Congress constructed for accomplishing the transition to competition ... The Commission's clearest error lies in its decision to prescribe national pricing

standards for agreements between incumbent LECs and competing carriers" (Motion at 6-7; emphasis supplied).

GTE and SNET muster two specific attacks on the Commission's 251 regulations: (1) they claim the 1996 Act nowhere confers direct authority over pricing standards on the Commission; and (2) Section 2(b) of the 1934 Act assertedly precludes the exercise of any such authority.

Contrary to GTE and SNET's suggestion, the Commission's plenary authority over pricing standards is well supported in the specific pricing requirements set out in Section 251(c)(2), (c)(3), (c)(4), (c)(6), and in Section 251(d)'s requirement that the Commission issue implementing regulations. As the Commission explained in its Interconnection Order (at ¶ 117):

> "We conclude that, under section 251(d), Congress granted us broad authority to complete all actions necessary to implement the requirements of section 251, including actions necessary to ensure that rates for interconnection, access to unbundled elements, and collocation are 'just, reasonable, and non-discriminatory.' ... A narrow reading of section 251(d)(1) ... would require the Commission to neglect its statutory duty to implement the provisions of section 251 and to promote rapid competitive entry into local telephone markets."

GTE and SNET try to use Congress' directions to the states on certain matters in Sections 252(d)(1) and 252(d)(3) as evidence of a Congressional desire to confer unfettered pricing authority upon the states. However, these requirements are just as easily read as imposing pricing standards upon the states as amplified by the Commission's Section 251 regulations. Congress'

guidance that certain pricing actions be implemented at the state level in no way precludes or excuses the Commission from carrying out its fundamental task of assuring that minimal pricing standards are followed nationwide.

GTE and SNET's reliance on Section 2(b)'s allocation of authority between federal and state jurisdictions is equally unavailing. GTE and SNET argue mightily that jurisdictional repeals by implication are disfavored, but are helpless to deny that Sections 251 and 252 are clear, unambiguous conferrals of substantive standards and procedural mechanisms on an unseparated jurisdictional basis. As the Commission pointed out in its Interconnection Order (at ¶ 87): "Because telephone exchange service is a local, intrastate service, section 251(c)(2) plainly addresses intrastate service, but it also addresses interstate exchange access. In addition, we note that in section 253, the state explicitly authorizes the Commission to preempt intrastate and interstate barriers to entry."[8]

B. The Commission Has No Jurisdiction to Determine Whether Its Regulations Impose an Uncompensated Taking Upon GTE and SNET.

GTE and SNET spend much effort contending that the Commission's adoption of its TELRIC pricing standards amounts to an uncompensated taking under the Fifth Amendment (Motion at 12-18. The Interconnection Order disagreed with GTE and SNET for convincing reasons (at ¶ 616). And even if the facts supported a

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[8] Congress certainly understood that Section 2(b) had no application to Sections 251 and 252. See the statement of Senate Majority Leader Lott that: "in addressing local and long distance issues, creating an open access and sound interconnection policy was the key objective ..." 141 Cong. Rec. S7906 (June 7, 1995).

takings claim (which ALTS emphatically denies), neither the Commission nor the courts of appeal have jurisdiction to hear such claims. Presault v. ICC, 494, U.S. 1, 11 (1990). The Tucker Act, 28 U.S.C. § 1491(a)(1), vests exclusive jurisdiction over takings claims that exceed $10,000 in controversy in the United State Claims Court. So long as the Commission has statutory authority to impose a taking, GTE and SNET cannot seek injunctive relief from the Commission or courts because: "equitable relief is not available to enjoin an alleged taking of private property for a public use, duly authorized by law, when a suit for compensation can be brought against the sovereign subsequent to the taking." Ruckelshaus v. Monsanto, 467 U.S. 986, 1016 (1984).

This is clearly a case where the Commission can point to statutory authority even if a taking were involved, which ALTS denies. See the House report on the language which became Section 251(c)(6), noting that a grant of express authority was necessary because the Commission's physical collocation regulations had been earlier overturned for lack of authority. H.R.Rep. No. 204, pt. 1, 104th Cong., 1st Sess., at 73 (1995).

Immersed in GTE and SNET's takings claim is the separate and distinct claim that the Commission's interpretation of the "just and reasonable" standard for interconnection and unbundled network elements violates long-understood limits on confiscation of utility property under FPC v. Hope Natural Gas, 320 U.S. 591,

602-603 (1944). GTE and SNET try to base this constitutional claim solely on the application of the Commission's TELRIC methodology without regard to the level of the ILECs' earnings on their vast volume of regulated interstate and intrastate rates: "Full recovery of all costs must be provided, moreover, in each distinct segment of a LEC's business" (Motion at 14).

With immense understatement, GTE and SNET follow this assertion with a "cf" reference to Duquesne Light Co. v. Barasch, 488 U.S. 299, 314 (1989), in which the Supreme Court flatly rejected the notion that regulated entities are free to pick and choose among their regulated operations in mounting a Fifth Amendment claim:

> "The economic judgment required in rate proceedings are often hopelessly complex and do not admit of a single correct result. The Constitution is not designed to arbitrate these economic niceties. Errors to the detriment of one party may well be canceled out by countervailing errors or allowances in another part of the rate proceeding. The Constitution protects the utility from the net effect of the rate order on its property. Inconsistencies on one aspect of the methodology have no constitutional effect on the utility's property if they are compensated by countervailing factors in some other respects."

GTE and SNET try to flee Duquesne by arguing it is limited to "the unique situation presented in a regulatory framework involving comprehensive regulation of a monopolist," and that "LECs are no longer protected monopolists, but rather exposed to competition in all aspects of their business" (Motion at 15).

Putting aside whether GTE and SNET are correct in limiting Duquesne to "comprehensive regulation," they are utterly disingenuous in suggesting that current federal and state regulation of ILEC access charges is anything but "comprehensive regulation," and thus must be factored into any Fifth Amendment attack on the particular methodology adopted by the Commission for interconnection and unbundled network elements. Their failure to reflect the total effect on regulation on their earnings is thus fatal to their confiscation argument.

Even if GTE and SNET were entitled to limit their constitutional challenge to the Commission's particular use of the TELRIC standard rather than the total effect of the interstate and intrastate regulatory schemes (and Duquesne clearly shows they are not), GTE and SNET have made no effort to generate a facial case for an unauthorized confiscation that would require a "'narrowing construction of the act'" (Motion at 13, quoting United States v. Riverside Bayview Homes, Inc., 474 U.S. 121, 129 n.4 (1985)). In order to make a facial constitutional attack, Riverside Bayview requires a showing of an "identifiable class of cases in which application of a statute will necessarily constitute a taking" (id.). GTE and SNET are helpless to point to any such class for several compelling reasons.

First, the Commission's TELRIC methodology comes into play only when the parties are unable to reach agreement among

themselves, and must seek arbitration from the states. Second, the TELRIC methodology affords the states some discretion in determining the allocation of joint and common costs, cost of capital, and other significant factors according to the facts of each situation (see Interconnection Order at ¶¶ 686-688, 696). There is simply no way that GTE and SNET can mount a facial constitutional challenge at this point, even were they correct in trying to limit that challenge solely to the use of TELRIC, because they cannot produce the identifiable class of takings required by Riverside Bayview absent knowledge of how the states will actually implement TELRIC. The possible range of future applications of TELRIC by the states simply cannot serve as the basis for GTE and SNET's current facial challenge.[9]

C. GTE and SNET's Makeweight Contentions Are Without Merit.

GTE and SNET also launch shotgun attacks on miscellaneous aspects of the Interconnection Order in their Motion for Stay (at 22-24). Each of these claims is without basis, and only two merit any response here.

Inclusion of Vertical Services Among Unbundled Network Elements -- GTE and SNET complain that the Commission lacked authority to include vertical switch services in addition to

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[9] The same defects are even more evident in GTE and SNET's constitutional complaints about the Commission's default prices (Motion at 18-22). Since these prices will apply only if state agencies are unable to complete their own pricing review, and then will last only until such a review is completed, GTE and SNET are clearly unable to show an "identifiable class" of takings.

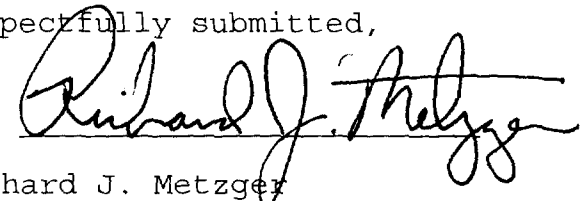
physical elements as unbundled network elements (Motion at 24). This contention is frivolous. As the Commission correctly noted, vertical switching services are provisioned via a combination of hardware and software functionalities, and are clearly among the "features" included in unbundled network elements (Interconnection Order at ¶ 413).

Failure to Provide Adequate ILEC Compensation for Network Changes -- GTE and SNET insist the Commission has ordered "ILECs to make significant modifications to their networks to accommodate requests from interconnectors" for "interconnection at a different level of quality from that normally associated with the network" without prescribing adequate methods of compensation (Motion at 24). But the very paragraphs cited by GTE and SNET flatly contradict their claim (Interconnection Order at ¶ 225: "We also conclude that, as long as new entrants compensate incumbent LECs for the economic cost of the higher quality interconnection, competition will be promoted."

CONCLUSION

For the foregoing reasons, ALTS requests that the Commission deny GTE and SNET's motion for stay.

Respectfully submitted,

By: 

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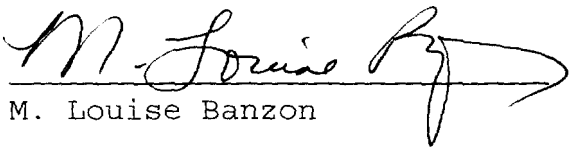
CERTIFICATE OF SERVICE

I hereby certify that the foregoing Comments of the Association for Local Telecommunications Services was served September 4, 1996, on the following persons by First-Class Mail or by hand service, as indicated.



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